

Approved April 12, 2007

At the April 12, 2007 Rail Advisory Board meeting, a motion to accept the minutes of the January 5, 2006 meeting was made by Peter Shudtz, seconded by James Keen and unanimously approved by the Rail Advisory Board members.

**MINUTES
Rail Advisory Board Meeting
Forum Room
Science Museum of Virginia
2500 W. Broad Street
Richmond VA
January 5, 2007**

Members present:

Sharon Bulova, Chairman
Richard L. Beadles
James Keen

Trenton Crewe
Matthew Tucker
Wiley Mitchell, Jr.

Bruno Maestri
Dwight Farmer
Peter J. Shudtz

Member(s) absent:

Jack Quinn, Jr.

The meeting was called to order at 10:04 a.m. by Sharon Bulova, Chairman.

Chairman Bulova welcomed the newest member of the Board, James Keen. Mr. Keen provided brief comments to include his current status as an at-large member of the CTB from Grundy, VA. He also expressed his excitement about the Rail Advisory Board.

Chairman Bulova indicated that she had received a call from Board member Jack Quinn indicating his intention to resign from the Rail Advisory Board.

Adoption of Meeting Agenda

A motion to accept the agenda of the January 5, 2007 meeting was made by Peter Shudtz and seconded by Richard Beadles. The motion was unanimously approved by the Rail Advisory Board members.

Adoption of Minutes

A motion to accept the minutes of the November 9, 2006 meeting was made by Trenton Crewe and seconded by Dwight Farmer. The motion was approved by the Rail Advisory Board members. James Keen abstained.

Public Comments

There were no public comments received by e-mail nor did anyone sign up to speak.

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Discussion of Rail Advisory Board Chair Position for 2007

After a brief discussion it was determined that a Nominating Committee process would be utilized to prepare a slate of officers to bring to the Rail Advisory Board for a vote at its April 12, 2007 meeting. The Nominating Committee includes Board members Dwight Farmer, Peter J. Shudtz, and Richard Beadles.

Legislative Update

A legislative update was provided by the Agency Director, Matthew O. Tucker. The update included information on legislation, initiatives and budget items for the upcoming 2007 General Assembly Session.

The Agency Director indicated that the cost to Virginians to fund the Governor's budget would be at an average cost of \$15.00 per citizen and would increase to \$20.00 per person each year thereafter. The Governor also called for consideration of the following:

- Permanently dedicate existing auto insurance premium taxes to transportation, a law enacted in 2000 but only followed twice.
- Equalize the sales tax on vehicles to equal the tax for other non-food items. Virginia's current 3% motor vehicle sales and use tax rate is the 44th lowest in the country. Maryland, West Virginia, the District of Columbia, and Tennessee are at least 5%.
- Impose an abuser fee on motorists who drive under the influence, drive recklessly, or commit certain offenses.
- Increase registration fees for vehicles from \$29.50 to \$44.50 in 2007, and \$49.50 in 2010.
- Increase registration fees for heavy trucks to commensurate with the increase of automobiles.

After the legislative update, Wiley Mitchell indicated that according to his understanding, there may be additional funds available in the 2008 budget. He also indicated that the funds may be recurring and suggested that the Rail Advisory Board request an amendment to be made, which would allow the Agency Director of Department of Rail and Public Transportation (DRPT) to have latitude in requiring the 30% funding match which is currently required for the Rail Enhancement Fund ("The Fund") projects.

Wiley Mitchell, Jr. indicated that his intentions were not to jeopardize the mission of the Board, the Agency Director's ability to move forward with projects or the effectiveness of the "Fund". Discussion followed involving the history of applications and applicants' ability to provide the match or over-match. Bruno Maestri, board member, indicated that the proposal was a good premise and he urged the Rail Advisory Board to allow the Agency to complete the analysis before requesting changes to the law.

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Wiley Mitchell, Jr. made the following motion, “That we recommend to the General Assembly, the last section of 33.1-221.1:1.1, paragraph D, be amended, adding at the beginning of the sentence the words ‘*Except for projects proposed by the Director and approved by the Rail Advisory Board*, such projects shall include a minimum of 30% cash or in-kind matching contribution from a private source, which may include a railroad, a regional authority, or a local government source, or a combination of such sources.’” The requested addition would be the words “*Except for projects proposed by the Agency Director and approved by the Rail Advisory Board.*”

After discussion, the motion was amended for the Rail Advisory Board to request the Agency Director to consider forwarding this recommendation to the Secretary of Transportation and for the Secretary of Transportation to place this in Governor Kaine’s Legislative Agenda. Richard L. Beadles seconded the motion. The motion passed seven votes in favor and one vote against.

Presentation of the DRPT Third Track Study

A presentation was given by Bill Novak, Vice President of HDR, “Washington D.C. to Richmond Third Track Feasibility Study”, which summarized the I-95 Rail Corridor Study Update required by HB 5012.

In addition to an analysis of the feasibility of constructing a third track, this study responds to the General Assembly’s direction to expand the scope to:

- (i) Identify needed right-of-way parallel to existing tracks; including right-of-way owned by CSX or by other parties;
- (ii) Identify major environmental issues;
- (iii) Develop an implementation plan based on the most optimal options; including the schedules for each phase of the project as well as financing for the project;
- (iv) Review legal and regulatory issues; and
- (v) Estimate the cost of powering passenger trains by electricity for a Third Track from Washington, D.C. to Richmond.

DRPT received assistance from HDR Engineering, Inc. and the Virginia Transportation Research Council for production of this study. The first draft was delivered to DRPT on November 1, 2006 and the final report was delivered to the General Assembly on December 1, 2006.

The identification of the services in the corridor; inclusive to passenger and freight rail, the definition of the third track and anticipated operation, basic cost assumptions and categories with examples were all covered along with legal and financial concerns by Mr. Novak.

The study found that CSX owns 118 miles from Union Station to Main Street Station in the I-95 Rail Corridor and Amtrak owns 1.2 miles into Washington Union Station.

Identification of Rail Services in the Corridor revealed:

Passenger Rail Operations: VRE

- 14 trains per day – Fredericksburg Line
- 16 trains per day – Manassas Line - join CSX in Alexandria
- 12 Stations on CSX Line

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- Ridership: 14,400 Total per day with 7,600 Fredericksburg Line per day and 6,800 Manassas Line per day

Passenger Rail Operations: Amtrak

- DC to Richmond Staples Mill: 18 trains per day from Lorton South
- DC to Richmond Main Street: 4 trains per day continuing to Newport News
- Approximately 600,000 riders per year

Freight Rail Operations: CSX

- 25-30 through trains/day plus additional local trains
- Primary North-South freight route on East Coast
- Richmond to Doswell segment has the second highest rail tonnage on entire I-95 Corridor line – 134.5 million Gross Tons (2005 CSX Railroad Tonnage Map)

Freight Rail Operations: Norfolk Southern

- Trackage rights on 2.2 mile section of CSX line for delivery of coal to power plant in Alexandria and access to the Northeast Corridor; with no more than one train per day.

Assumptions for minimum and/or partial construction would include construction of a nearly continuous third track along the entire corridor. Substantial improvements would have to be made between the Main Street and the Staples Mill Road Stations located in the Richmond Terminal Area. It was decided that 5% of the 30% match would be allocated toward the total construction (labor) costs.

The 2006 General Assembly Report Summary Key Findings of the study were as follows:

- Feasibility of Third Track could not be determined from a cost and funding perspective.
- Assumptions for Minimum/Partial Construction Costs: Items Excluded (1)
 - Third track through Ashland or Fredericksburg
 - New bridge across the Potomac River
 - Electrification in the corridor
 - Hampton Roads Service connection
 - Detailed environmental impacts and mitigation
 - Costs for ROW acquisition or access costs, liability, maintenance and other legal issues
 - Analysis of alternative ROW outside CSX corridor
 - Costs for utility relocation or assessment of affected utility easement Agreements
- Assumptions for Minimum/Partial Construction Costs: Items Excluded (2)
 - No preliminary engineering plans, field surveys or analyses available to develop cost estimate
 - No escalation to year of expenditure dollars, costs are in 2006 dollars
 - No consideration of unavoidable additional costs for construction of phased individual segments

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- Minimum/Partial Cost Estimate does not include:
 - Cost escalations due to phasing and inflation
 - Cost of electrification (\$953 M minimum cost)
 - Purchase of right-of-way
 - Relocation of utilities
 - Route through Ashland or Fredericksburg
 - Potomac River Bridge
- Total Minimum/Partial Cost estimate:
 - Partial Third Track: \$612.2 million
 - Richmond Terminal: \$71.8 million
 - TOTAL: \$684.0 million– major exclusions could dramatically increase this estimate
- Costs calculated in 2006 dollars.

The Agency Director informed the Rail Advisory Board that the complete study was included in the informational packets provided to them. The Preliminary Implementation Schedule in the packet is a projection over a six-year period and includes conducting additional comprehensive analyses, developing implementation priorities; securing funding; developing final sets of priorities based on funding and commencing final design and construction.

There was no further discussion and Chairman Bulova noted that no action was required by the Rail Advisory Board except to include it for reference in future agendas.

Presentation of the DRPT TransDominion Express Report

Dr. John Miller, Research Scientist of the Virginia Transportation Research Council provided an overview of the response to HB5002, Item 438B from the DRPT TransDominion Express Report.

The 2006 General Assembly directed the DRPT to update the status of the proposed passenger rail service between Bristol, Richmond, and Washington, D.C., known as the TransDominion Express (TDX). The General Assembly specifically requested that the following be updated: the project's expected capital improvement costs, operating cost, revenue projections, feasibility of reducing traffic congestion, and status. At the request of DRPT, the Virginia Transportation Research Council prepared a study to address these questions. Please note there have been five previous TDX studies prior to current study:

- 1996 - HD 51 Report to General Assembly
- 1998 - Frederic R. Harris, Inc. report at the request of DRPT for General Assembly funded study
- 2000 – Amtrak Study
- 2002 – Woodside study at the request of Norfolk Southern and DRPT
- 2004 – Pilot Project report to the General Assembly by DRPT

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Points under the Possible Action Plan include:

- Decide whether pilot service should be offered.
- Choose a corridor for service
- Identify minimal infrastructure and rolling stock requirements for service
- Develop a detailed ridership test for service
- Investigate options for selecting an operation for full service
- Create an incentive structure for that operator to provide high-quality service
- Identify possible funding sources for full service

Other points included:

- Some corridors have relatively high demand
- The comparison of actual ridership levels to projected ridership levels
- Other operators have noted that incentives such as bonuses for OTP are quite helpful
- All systems used in this study require an operating subsidy.

2006 General Assembly Report Summary of Key Findings of the study included:

- Capital cost estimate: \$206M
- Operating cost estimate: \$20M
- Estimated ridership 14,000 – 58,000 per year
- Estimated farebox revenue \$0.4-\$1.8M per year
- TDX offers little benefit in terms of reducing travel congestion
- Status of TDX has not changed since publication of 2005 report
- Two regional rail initiatives could affect the feasibility of TDX and subsequent improvements: The Heartland Corridor Initiative and the I-81 Rail Corridor Study.

Annual operating costs are expected to be about \$19 million, with \$0.4 million and \$1.8 million being collected in revenues. The ridership estimates do not support a finding that this project will reduce traffic congestion (although this finding does not eliminate the mobility benefits of the TDX for specific passenger segments). Operation of the TDX will require a subsidy of \$3.91 per passenger mile compared to a subsidy between \$0.20 to \$0.25 per passenger mile for the other intercity rail services studied in this report. The ridership and subsidy performance estimates contained in this study do not justify a decision to implement TDX service. Any decision to advance TDX service and make investments of public money will be based on other factors not evaluated in this report, such as the potential for economic development, tourism and improved mobility options. Additionally, any investment should only be made after further analysis of public and private benefits garnered by both the Commonwealth and Norfolk Southern Railway Company along with the execution of an agreement providing appropriate sharing of costs and benefits. A comprehensive strategy must be developed to advance the decision-making process regarding the implementation of TDX service.

The comprehensive strategy must update cost information and address various issues including:

1. *Does the implementation of this service provide a public benefit?* The purchase of rail cars and improvements in rail infrastructure to support passenger rail operations require the Commonwealth to identify a clear public benefit for passenger rail independently of joint passenger and freight rail operations.

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2. *What will be the governance structure for TDX?* Several different governance entities have previously been proposed. A bill to create an Authority for TDX was considered but not adopted during the 2006 General Assembly session. The Virginia Railway Express (VRE) model of governance by the jurisdictions receiving service has also been suggested.

3. *Which entity will operate the TDX?* The entity could be the rail owner (e.g., Norfolk Southern), the current long distance rail provider (e.g., Amtrak), or a third party.

4. *How will the TDX fund its operating and capital needs?* Will the localities reach a funding agreement similar to the agreement that supports VRE operations and capital needs? Is the Commonwealth willing to provide sufficient funding to support the implementation and on-going costs of this service?

5. *Can Norfolk Southern, the TDX Governing Entity and the Commonwealth reach an operating and cost sharing agreement?* Costs should be appropriately shared for improvements that benefit both passenger and freight rail.

Finally, Dr. John Miller noted that DRPT does not have sufficient information to recommend a pilot service at this time. DRPT recommends a comprehensive approach that supports a conclusive decision regarding TDX service. The purchase of rail vehicles and improvements to infrastructure to support passenger rail represents major investments of limited public dollars. It is a difficult choice to move forward with a pilot program for TDX because of the initial investment requirements.

The meeting adjourned for lunch at 12:31 p.m.

The meeting reconvened at 1:00 p.m and completed the agenda as outlines starting with the presentation by Kevin Page, Director of Rail, DRPT.

Overview of Informational Items

The overview was provided by Kevin Page, Director of Rail Transportation (DRPT).

The Director of Rail reviewed the adopted schedule of Rail Advisory Board meetings which were approved at the November 9, 2006 meeting. All meetings will be held at Science Museum of Virginia in the Forum Room. The remaining dates are April 12, 2007, July 12, 2007, and October 11, 2007. All meetings will start at 10AM. The Commonwealth Transportation Board meeting dates and General Assembly dates were also provided.

The Director of Rail also provided information on the Rail Enhancement Fund Revenue and Allocations report which includes estimated data for the six year planning period through 2013. Interest earnings for FY2006 and FY2007, respectively, were also provided. A summary of the Virginia Vehicle Rental Tax was given to the Rail Advisory Board for their review. A 3% portion of the tax is paid to the Rail Enhancement Fund. A report on the current status of approved Rail Enhancement Fund agreements and projects was given, which included Grantee, CTB Approval and notice to proceed dates.

The Rail Advisory Board members were provided with reports from Amtrak and Virginia Railway Express on current on-time performance. Amtrak's data covered the October to

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November 2006 timeframe and evaluated how many trains in the system were on time. The VRE report, which covered December 2006, also analyzed the causes of the delays.

An update on the Roanoke Region Intermodal Facility site evaluation process presentation and supporting documentation was given to the Board. The update provided information outlining DRPT's efforts to identify and evaluate the most suited site for investment of public funds. The Board was advised of the various components used for evaluation which included: the solicitation process; the site evaluation process; public involvement; the final analysis and announcement of the preferred site.

A copy of the Government Accountability Office Highlights of Report GAO-07-15 to the Chairman of the U.S. House of Representatives Committee on Transportation and Infrastructure. The full report is also available at <http://www.gao.gov/cgi-bin/getrpt?GAO-07-15>.

Another informational item provided to the Rail Advisory Board included the final draft of the updated Rail Enhancement Fund Application Package. In the preparation of this final draft, DRPT considered comments received from the public, stakeholders and members of the Rail Advisory Board. Also included was a summary presentation that provided information on DRPT's plan to cover the administrative costs required to administer the Rail Enhancement Fund program. The Rail Advisory Board will be asked to make a recommendation to the Commonwealth Transportation Board at its April 12, 2007 meeting. The Director of Rail indicated that the administrative cost(s) were not included in the original proposal and that 3% fee would be added to the initial project budget to offset the administrative costs.

At this point Chairman Bulova inquired whether or not feedback had been received from industries or members of the Rail Advisory Board. The Agency Director noted that two e-mails were received by the Board dealing with the Rail Enhancement Fund Application Package, one from Robert E. Bryant, President of Buckingham Branch Railroad and the other from David Armstrong of the Rail Project Guide. Both were in favor of the application procedure and one sought information on bidding procedures.

Other Business of the Board

There were no questions from the Board about the Rail Advisory Work Plan but the Rail Director listed the items and commented that those issues would be covered in the next meeting, April 12, 2007, or earlier, if necessary.

There being no further business before the Board, the meeting was adjourned at 1:37 pm.